

California Strategic Growth Council

Memorandum

DATE: December 19, 2014

TO: Interested Stakeholders

FROM: Strategic Growth Council

RE: Summary of Proposed Revisions and Updates to the 2014-15 SGC Affordable Housing and Sustainable Communities Program Guidelines

Thank you for your robust feedback on the SGC Affordable Housing and Sustainable Communities Program. Comments from hundreds of diverse stakeholders have provided valuable information to inform the guidelines for this new interdisciplinary program. Due to the volume and quality of the comments we received, the Council decided to reschedule the December 2014 SGC meeting to January 20, 2015 in order to allow more time to incorporate and consider revisions to the 2014-15 program guidelines.

The intent of this memo is to share proposed revisions based on feedback, and to provide an update on two key issues not addressed in the September 23, 2014 Preliminary Draft Guidelines: 1) California Air Resources Board Guidance on Greenhouse Gas Reduction Quantification, and 2) the role of Metropolitan Planning Organizations. The pages following this memo provide more information on the areas mentioned above.

SGC is not holding a formal comment period following the release of this memo. We respectfully request that any comments submitted informally focus on the proposed revisions and updates. Comments may be sent to: ahsc@sgc.ca.gov.

We anticipate the following timeframes for the 2014-15 AHSC Program:

January 9, 2015	Public Posting of Draft Final Guidelines
January 20, 2015	Final Draft Guidelines to Council for Approval
Late January 2015	Funding Solicitation and Application Released
Mid-February 2015	Concept Applications Due
Mid-April 2015	Full Applications Due
June 2015	Recommended Awards Announced for Council Approval

Again, thank you for your participation and interest in this process, and for your patience as we continue to refine the guidelines to reflect the goals and objectives of this exciting, dynamic program.

Staff Recommended List of Proposed Revisions to the Affordable Housing and Sustainable Communities Program Guidelines

Note: All revisions below are preliminary, in progress, and will be evaluated for their cumulative impact on Program goals and requirements prior to incorporation in the final draft Program Guidelines for Strategic Growth Council review and approval.

Issue Description	Guideline Reference	Current Requirement	Proposed Revision
Allowable Modes of Transit	Page 10 §102(a)(3) & (b)(4)	<p><u>TOD</u> Project Areas must: Be served by at least one (1) Qualifying Transit Station meeting the criteria of a Major Transit Stop with service by at least one of the following modes of Publicly-Sponsored Transit: (A) High Speed Rail, (B) Commuter Rail, (C) Light Rail, (D) Bus Rapid Transit, (E) Express Bus</p> <p><u>ICP</u> Project Areas must: Be Served by at least one (1) of the following modes of Publicly-Sponsored Transit: (A) High Speed Rail, (B) Commuter or Light Rail, (C) Bus Rapid Transit, (D) Bus with a qualifying Major Transit Stop, (E) Vanpool/Shuttle</p>	Add Intercity Rail to list of applicable modes of transit
Minimum Unit Requirements	Page 11 §103(a)(1)(D)(i)	A Housing Development must: (i) consist of new construction, Substantial Rehabilitation of residential dwelling units, the conversion of one or more nonresidential structures to residential dwelling units, or preservation of at-risk affordable housing with a total of not less than 100 such units in a Metropolitan Area, or 50 such units in a Non-Metropolitan Area.	Removal of the minimum unit requirements (metro and non-metropolitan areas) for housing developments.
Minimum Density Requirements	Page 12 §103(a)(1)(D)(iv)	A Housing Development must: (iv) have a minimum Net Density, upon completion of the Housing Development, not less than that shown on the following table:	Proposed revision to Program Guidelines will include lowering of the minimum base density requirements to reflect “default density standards” deemed appropriate to accommodate housing for lower-income households in State housing element law as follows:

December 19, 2014
Affordable Housing and Sustainable Communities Program
Summary of Staff Proposed Revisions to Draft 2014-15 Guidelines and Updates

		<table><tr><th>Location</th><th>Density</th><th>FAR</th></tr><tr><td>Large City Downtown</td><td>60 u/a</td><td>>3.0</td></tr><tr><td>Urban Center</td><td>40 u/a</td><td>>2.0</td></tr><tr><td>All other Areas</td><td>20 u/a</td><td>>1.0</td></tr></table>	Location	Density	FAR	Large City Downtown	60 u/a	>3.0	Urban Center	40 u/a	>2.0	All other Areas	20 u/a	>1.0	<table><tr><th>Location</th><th>Density</th><th>FAR</th></tr><tr><td>Urban</td><td>30 u/a</td><td>>2.0</td></tr><tr><td>Suburban</td><td>20 u/a</td><td>>1.5</td></tr><tr><td>Rural</td><td>15 u/a</td><td>>1.0</td></tr></table> <p>Additional information on definitions of Urban, Suburban and Rural are available on HCD’s website at - http://www.hcd.ca.gov/hpd/Default_2010census_update.pdf</p>	Location	Density	FAR	Urban	30 u/a	>2.0	Suburban	20 u/a	>1.5	Rural	15 u/a	>1.0
Location	Density	FAR																									
Large City Downtown	60 u/a	>3.0																									
Urban Center	40 u/a	>2.0																									
All other Areas	20 u/a	>1.0																									
Location	Density	FAR																									
Urban	30 u/a	>2.0																									
Suburban	20 u/a	>1.5																									
Rural	15 u/a	>1.0																									
Funds of Program Operations	Page 14 §103(b)	Eligible costs for Program uses include start-up costs associated with program creation, expansion of existing programs to serve new populations or offer new program service and implementation. Eligible Costs do not include ongoing operational costs.	Allow ongoing operational costs for up to three years as an eligible cost.																								
Maximum Awards Developer	Page 20 §104(c)	A single developer may receive no more than \$15 million per Notice of Funding Available (NOFA) funding cycle.	The \$15 million maximum for a single developer may be waived, if necessary, to meet statutory affordable housing and Disadvantaged Community set asides.																								
Cap on Requested Funds for Program Activities	Page 20 §104(f)(2)	The total grant amount for Program Uses within a Project Area shall not exceed 10 percent of the funding request for the overall Project.	Increase cap on grant funds for program uses to 30 percent of total award but not to exceed \$500,000.																								
Match Requirements	Page 21 §104(g)	The total transportation or transit-related and/or green infrastructure grant amount shall not exceed fifty (50) percent of the total Capital Use Project budget.	Remove 50 percent match requirement for transit-related and/or green infrastructure-related capital use activities. Applications will be scored based on funds leveraged.																								
Required Applicants	Page 22 §105(a)(1)(A)	A Public Agency that has jurisdiction over the Project Area is a required applicant, either by itself or jointly with any of the following entities as co-applicant(s): joint powers authority, where the authority encompasses the activities necessary to comply with the requirements of the Program, public housing authority, transit agency and/or operator, school district, facilities district, or any other special district or	A Public Agency with jurisdiction over the Project Area will not be a required co-applicant except where a Public Agency has an interest or stake in the proposed Project. For example, cases involving right-of-way or publicly-owned land, the application will be required to either include the Public Agency as a co-applicant or otherwise include a commitment to enter into a contractual agreement regarding the proposed project if it is awarded funds.																								

December 19, 2014
Affordable Housing and Sustainable Communities Program
Summary of Staff Proposed Revisions to Draft 2014-15 Guidelines and Updates

		political subdivision of the State of California, corporation, limited liability company, limited partnership, general partnership, business trust, or joint venture.	
No Net Loss of Affordable Housing Units	Page 27 §106(a)(11)(D)	If the application involves the demolition or rehabilitation of existing units affordable to lower income households, the Housing Development must include units with equal or greater affordability, equal to or greater than the number of the existing affordable units, except in cases where the rehabilitated units provide amenities such as bathrooms and kitchens not present in existing units in which case, the reduction may not result in more than twenty five (25) percent fewer units upon project completion.	Requirements of this section will be applicable to all capital projects, not just Housing Development and Housing-Related Infrastructure projects.
Anti-Displacement Strategies	Page 49-50 §107(o)	For projects located within or benefitting a Disadvantaged Community XX points will be provided for demonstration of policies, strategies and programs designed to avoid displacement of low-income residents and businesses of the Project Area and community.	Requirements for this section will apply to all projects.
Disadvantaged Community Requirements	Page 23 §106(b)	If requesting Program Funds to meet the requirements of Section 105(b)(9)(A) to benefit a Disadvantaged Community, the Applicant must evaluate the following criteria detailed in Table 6 to demonstrate how the Project provides benefit to a Disadvantaged Community or Communities pursuant to Interim Guidance approved and revised pursuant to ARB on September 18, 2014.	Program Guidelines will include the most recent guidance available from California Air Resources Board on Investments to Benefit Disadvantaged Communities per SB 535 and information on the top 25 percent of census tracts per CalEnviroScreen as determined by the California Environmental Protection Agency at the time of the NOFA release
Role of Metropolitan Planning Organizations and Other Regional Agencies pursuant to SB 862	Page 22; §105 (b) (3) and Page 25 Chart 1	Page 22: The intent of the concept proposal process is three-fold: 1) coordinate with MPOs on SCS implementation; 2) focus expenditures of local resources on the most competitive applications given limited Program funding; and 3) provide targeted	Section 105(b) will revised to include information on the MPO/Regional Entity role in the application review process as follows: -Concept applications for the respective region will be provided to each MPO

December 19, 2014
Affordable Housing and Sustainable Communities Program
Summary of Staff Proposed Revisions to Draft 2014-15 Guidelines and Updates

		<p>technical assistance to potential applicants, with a priority to Disadvantaged Community applicants.</p> <p>Page 25: Note accompanying Chart 1: AHSC Program Application Submittal Process: The Council is soliciting input and advice from MPOs and other regional agencies and developing a framework for thorough, meaningful consultation with these institutions throughout project proposal evaluation. It is expected that these institutions will provide insight and recommendations to support effective implementation of the Program.</p>	<p>-MPO may review concept applications for projects and inform the SGC of their view of the project's support of the implementation of the applicable SCS.</p> <p>-Upon receipt of full applications, each MPO will be provided copies of applications for their respective region for their review</p> <p>- If they choose, MPOs may provide project recommendations for SGC consideration for their respective region.</p> <p>All MPO recommendations are advisory only.</p> <p>Note: MPO participation in this process is voluntary and not subject to reimbursement.</p>
Definition of Public Agency	Page 73 Appendix A (kkk)	"Public Agency" means a California city, county, city and county, council of governments, transit agency, redevelopment successor agencies, or a joint powers authority comprised of any of the preceding.	Councils of governments were erroneously included in the definition of "Public Agency" as it pertains to eligible applicants to the AHSC Program. Councils of government are not eligible applicants for the AHSC Program.

Update on California Air Resources Board Interim Guidance on Greenhouse Gas Reduction Quantification

The California Air Resources Board (ARB) is responsible for providing guidance to estimate greenhouse gas (GHG) emissions reductions from all projects funded by the Greenhouse Gas Reduction Fund. As part of this responsibility, ARB staff is developing interim guidance for Affordable Housing and Sustainable Communities (AHSC) grant applicants to estimate the potential GHG emissions reductions attributable to AHSC project proposals for the first year of the Strategic Growth Council's AHSC program. Additional detail about the interim guidance will be available with the Final Draft Program Guidelines to be released on January 9, 2015.

ARB's interim guidance will employ currently available tools and methodologies to estimate the changes in vehicle miles traveled (VMT) and VMT-related GHG emissions reductions based on the proposed AHSC project's land use and transportation characteristics. Using the interim guidance, the applicant will estimate VMT-related GHG emissions reductions for a proposed project measured against an initial case. The initial case represents the GHG emissions that would have occurred prior to implementing any VMT-reducing project features or reduction measures.

ARB's interim guidance will use components of the California Emissions Estimator Model (CalEEMod)¹, a land use emissions calculator tool designed to quantify GHG emissions and criteria air pollutants associated with land use development projects. The interim guidance will focus on the operational and mitigation components of CalEEMod to address VMT and VMT-related GHG emissions for proposed projects.

For projects that serve a larger area or population outside of a defined project site, or contain features not included in CalEEMod, the interim guidance will rely on methodologies to quantify VMT reductions originally developed for Congestion Mitigation and Air Quality Improvement (CMAQ) projects. Examples of these types of projects include transit lines, bicycle paths, and vanpools. These methods are detailed in the document "[Methods to Find the Cost-Effectiveness of Funding Air Quality Projects](#)"² published by ARB and Caltrans. The interim guidance will provide applicants with directions on how to use the VMT quantification methodologies in the CMAQ guidance document, combined with GHG emission factors.

Evaluating a project's GHG emissions reductions may require the use of the CalEEMod or CMAQ methodology individually, or in combination, depending on the specific features of the proposed project. To estimate GHG emissions reductions from changes in VMT, both CalEEMod and CMAQ use on-road vehicle GHG emission factors from ARB's Mobile-Source Emission Factor model (EMFAC2011).

ARB staff will be available to answer applicant questions and provide technical assistance in using the quantification methodology for Transit Oriented Development and Integrated Connectivity Project applications. In addition, ARB staff will review the quantification portions of the project applications to ensure that the tools and methodologies defined by the interim guidance were properly applied in the applicant's estimate of the GHG emissions reductions for the project.

¹<http://www.caleemod.com/>

²http://www.arb.ca.gov/planning/tsag/eval/mv_fees_cost-effectiveness_methods_may05.doc